

DOCUMENT C



Manhattan Software
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MANHATTAN BEACH, CA 90266
(310) 545-6462

June 16, 1999

Jean Kasem
President
Little Miss Liberty Round Crib Company
3040 North Avon
Burbank, CA 91504

Re: Intellectual Property

Dear Jean:

Request is hereby made for the return of all intellectual properties of Manhattan Software by Little Miss Liberty and Howie Grapek. This will include the original code, all copies, all backup copies of any code and the permanent removal of these items from all computers in either your possession or Mr. Grapek's possession. Since Mr. Grapek has already proven himself untruthful I will also require at minimum a polygraph test, at Little Miss Liberty's expense, to determine the accuracy of Mr. Grapek's statements.

You should be aware that Mr. Grapek and/or his company Knightweb are not registered developers of Oracle. Therefore Mr. Grapek is illegally in possession of an Oracle development environment. These are fact which Mr. Grapek knew full well when the machine was released to him.

It is the belief of Manhattan Software that substantial intellectual property of Manhattan Software was present on the computer. One of these assets took over four year of development at a cost of several hundred thousand dollars. The other asset was getting ready for market. The unauthorized disclose of these assets will cause irreparable harm to the corporation.

On or about May 19, 199 you received a fax from Mr. Grapek outlining alleged amounts owing to Knightweb by Manhattan Software. Specifically included in those amounts were:

1. Amounts for a Sparc 5 computer
2. Amounts representing work performed in developing your web site
3. Acknowledgment of payments made by Manhattan Software to Knightweb.

Additionally at the show in Las Vegas you were fully aware that the computer brought to the show was not in the possession of Mr. Grapek but shipped back to Little Miss Liberty.

On or about May 25 , 1999 you instructed Mr. Grapek to remove from the Manhattan Server intellectual property which you should have known from the invoices received on or about May 19, 1999, had not been paid for by Little Miss Liberty but rather by Manhattan Software. Additionally you also released the computer and the Oracle disc to Mr. Grapek. Shortly thereafter my router and my entire office became inoperative.

PLR. DATE 14
DEPONENT: Manhattan
DATE: 6-21-00
MAGDALENE S. PUENTE, CSR8488

1 of 2

When I received your e-mail on June 2, 1999 I immediately contacted Mr. Grapek. Mr. Grapek earlier denied taking the computer but admitted lying about the situation by e-mail on June 2, 1999. Mr. Grapek has also denied changing the router address on my computer. Mr. Grapek's earlier lie cast serious doubt his credibility. Considering the fact that only Mr. Grapek and myself had the password to the router the probability of these events occurring in such proximity is astonishing.

You have previously stated that Mr. Grapek presented you with an invoice showing the serial number of the computer. It would be reasonable since he sold me the computer and it was contained on the paperwork you received on May 19, 1999 that he would have the serial number. This would be the same situation with respect to the computers sold to Little Miss Liberty by Manhattan Software. Just because Manhattan Software presents invoices with serial numbers this does not mean current ownership it only indicates a chain of ownership.

Sincerely



Steven R. Mitchell
President
Manhattan Software, Inc.

cc: Sam Krane